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Brazil

Post: Brasilia

Annual Fresh Deciduous Fruit

Report Categories:

Fresh Deciduous Fruit

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Report Highlights:
Post estimates that production of apples, pears and grapes slightly decrease in MY2010, as a result of unfavorable weather conditions. Imports are expected to increase slightly in due to lower domestic production and a favorable exchange rate for importers.

General Information:

Apples

Area:

Total planted area expansion is on hold due to a significant fall in economic returns. Total planted area for apples in Brazil is estimated to remain stable at 38,832 hectares, as the planting of new trees is limited by the higher costs of production. Santa Catarina continues to be the main apple producing-state in Brazil, accounting for 50 percent of total area, followed by Rio Grande do Sul with 44 percent.

State	Principal Varieties	Planted area 2008 (ha)	Planted area 2009 (ha)	Variation
Rio Grande do Sul	Gala and Fuji	17,115	17,115	0%
Santa Catarina	Gala and Fuji	19,628	19,817	1%
Parana	Eva	1,900	1,900	0%
TOTAL BRAZIL	Gala, Fuji and Eva	38,804	38,832	0%

Source: CEPEA

Production:

The majority of growing areas for apples during the Brazilian winter and spring (Jun-Nov 2009), experienced favorable weather conditions, however a few areas were affected by adverse climatic conditions. Additionally, high temperatures in late spring and early summer caused a fall in volume and quality of the production (smaller fruit).

CY 2010 started with a heavy rainfall linked to El Nino phenomenon, which continued in the first quarter of this year. This phenomenon causes heavy rainfall in south and southeast regions. As a result some orchards had disease problems, due to excess of moisture and thus will affect the quality of the next harvest.

Harvest of the Eva variety in Paraná state began in the second half of November 2009. This variety is sold in the domestic market until mid-February when the Gala variety is harvested. Heavy rains and bad weather conditions in October 2009, damaged Eva variety orchards, and thus, the production could fall by up to 10 percent.

In January 2010, the harvest of the Gala variety began in the states of Rio Grande do Sul and Santa Catarina. According to producers, area was maintained in relation to 2009 and the volume harvested should be 4 percent higher. However, the quality of the fruit was affected due to adverse weather conditions the last months of 2009. Therefore, more fruit will be processed since only the better-quality apples are destined for the fresh consumption market. In addition to negatively impacting quality, the rainy climate, particularly in Santa Catarina, increased production costs as producers were required to use additional inputs to control fungi in the apple orchards.

In mid-March 2010, the harvest of the Fuji variety began. According to producers, the volume harvested this season should be similar to those of past years with a superior quality than last year's crop. There were sufficient cold nights and warm days in early March, the period of maturation of the fruit, to lead to good coloration. Although hail storms also affected the Fuji orchards, the amount of damage was far less to the Fuji crop than to the Gala crop.

In 2009, apple producers from Rio Grande do Sul and Santa Catarina states received less money for their product compared to 2008. The large volume of available fruit in the domestic market, as a result of an increase in the domestic production together with the retraction of the volume exported, adversely affected domestic prices. Moreover, there was less demand in the domestic market. This scenario has caused stocks to increase 15 percent. Traditionally, in the second half of the year, the domestic price of apples increase during the second half of the year due to limited supply of controlled fruit from cold storage. The price paid in January 2010 was R$ 38.09/box with 18 kg, a decrease of 10 percent from the same period in 2009.

Consumption:

Consumption of apples in Brazil is mostly fresh. Brazilians have different tastes depending on where they are from geographically: the people who live in the South of the country, who have been exposed to a more European style of colonization, prefer large apples. The central part of Brazil goes for medium-size. In the Northeast they favor smaller size apples. Trade contacts say that this wide variety of tastes within a single country means a market for the entire crop. According to the World Apple and Pear Association, fresh apple consumption was 3.42 kilos per inhabitant in 2009.

Apple juice is not included on the list of the most seven widely consumed types of juice in Brazil. Grape (22.5 percent of total juice consumed), peach (21.1 percent) and orange (9.6 percent) are the most popular juice flavors.

Trade:

Brazil 2008/2009 exports of apples decrease, despite a 4 percent increase in the domestic production. From February to September 2009, Brazil exported 98,000 MT, a 12 percent decrease compared the same period in 2008. Lower foreign sale is a result of high inventories of fruit in Northern Hemisphere. Although European production fell by 7 percent compared to 2008, the global financial crisis kept fruit stocks high. As a result shipments to Europe were down 3.5 percent than the previous year, sales to India, the Middle East and Africa grew, principally in the first half of the year.

Brazil exported 38,000 MT of apple in the first quarter of 2010, down 3 percent from the same period in 2009, according to official data statistics (SECEX). Despite the decline in export volume, revenue (in dollars) in the first quarter of this year was 1.2% higher than the same period in 2009. However, Brazilian exporters received less revenue given an unfavorable exchange rate between January and March 2010. The US dollar had an average exchange rate of $ 1.80 to US1.00 while in same quarter of 2009, the average exchange rate was $ 2.30 to U$ 1.00. According to USDA's Agricultural Marketing Service, the Brazilian apple royal caliber 100 (Gala) was negotiated at Rotterdam at an average of US$ 24.03/box of 10 kg in April, a value 19 percent lower than last year.

Apple Exports

Fresh Apple

Trade sources estimate that apple exports will decrease by 5 percent in CY 2010. One of the reasons is the reduced quality of Brazilian apples due to unfavorable weather during stages of fruit development. Uncertainties in the European market due to the world financial crisis and greater stocks in the Northern Hemisphere also could limit Brazilian shipments. In addition, last year's flooding in Santa Catarina damaged the infrastructure and consequently distribution is not running as smoothly as usual.

Brazil Export Statistics Commodity: 080810, Apples, Fresh Calendar Year: 2007 - 2009							
Partner Country	Quantity (MT)			% Share			% Change
	2007	2008	2009	2007	2008	2009	2009/2008
TOTAL	112,075	112,249	98,264	100.00	100.00	100.00	- 12.46
Netherlands	34,980	35,744	35,678	31.21	31.84	36.31	- 0.18
Bangladesh	2,365	4,719	9,099	2.11	4.20	9.26	92.82
United Kingdom	16,641	18,034	8,640	14.85	16.07	8.79	- 52.09
France	9,360	6,209	7,789	8.35	5.53	7.93	25.43
Portugal	7,755	5,856	7,338	6.92	5.22	7.47	25.32
Ireland	3,376	3,664	3,909	3.01	3.26	3.98	6.67
Finland	4,225	4,286	3,863	3.77	3.82	3.93	- 9.88
Germany	6,799	5,179	3,710	6.07	4.61	3.78	- 28.35

Source: Secex

Apple Imports

Fresh Apple

Apple imports are expected to drop slightly in marketing year 2010/2011. In CY 2009, Brazil imported more apples compared to 2008 due to lower quality of domestic apples and favorable exchange rates to import the fruit. Argentina was the major supplier providing 80 percent of the total imports, followed by Chile and France. Argentina, as part of Mercosul, benefits from a preferential import tariff rate.

Apple Juice Exports

Apple juice concentrate exports decreased 28 percent in 2009, mainly because of an unfavorable exchange rate for Brazilian exporters.

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Brazil Export Statistics Commodity: 200979, Apple Juice,Nes,Unfermented And Not Spirited Whether Or Not Sugared/Sweetened							
Calendar Year: 2007 - 2009							
Partner Country	**Quantity (MT)**			**% Share**			**% Change**
	2007	**2008**	**2009**	**2007**	**2008**	**2009**	**09/08**
World	30,112	30,598	22,063	100.00	100.00	100.00	- 27.89
United States	16,368	17,338	17,050	54.36	56.66	77.28	- 1.66
Japan	6,096	6,921	3,870	20.24	22.62	17.54	- 44.08
Mexico	-	-	780	0.00	0.00	3.54	0.00
Puerto Rico (U.S.)	4,325	3,383	194	14.36	11.06	0.88	- 94.26
Netherlands	378	2,385	84	1.26	7.80	0.38	- 96.48
Canada	-	-	19	0.00	0.00	0.08	0.00

Source: SECEX

Harmonized Tariff System (HS) Codes:

Tariff Rate Table

Tariff Number (HTS)	Product Description	Rate (%)
0808.10.00	Apples, Fresh	10
2009.7	Apple juice	14

Prices:

Gala Apples (CEAGESP-SP) – Prices in R$/kg

Year	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Avg
2007	2.74	1.79	1.67	1.74	1.84	1.86	1.92	2.03	2.10	2.50	2.72	2.95	2.45
2008	2.17	1.83	1.81	1.99	2.35	2.47	2.40	2.56	2.74	2.73	3.06	3.19	2.49
2009	2.42	2.12	1.90	2.20	2.08	2.16	2.24						2.15

Fuji Apples (CEAGESP-SP) – Prices in R$/kg

Year	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Avg
2007	2.61	2.78	2.86	2.96	2.83	2.68	2.79	2.65	2.49	2.61	2.56	2.54	3.08
2008	2.43	3.10	2.94	2.60	2.51	2.90	2.77	2.98	3.19	3.30	3.32	3.23	3.01
2009	3.38	3.39	3.42	3.09	3.14	2.99	3.07						3.19

Production, Supply and Demand Data Statistics:

Apples, Fresh Brazil	2007/2008			2008/2009			2009/2010		Unit
	Market Year Begin: Jan 2008			Market Year Begin: Jan 2009			Market Year Begin: Jan 2010		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	New Post	
Area Planted	0	0	0	0	0	0		0	(HA)
Area Harvested	37,562	37,562	38,804	37,562	38,000	38,832		38,832	(HA)
Bearing Trees	0	0	0	0	0	0		0	(1000 TREES)
Non-Bearing Trees	0	0	0	0	0	0		0	(1000 TREES)
Total Trees	0	0	0	0	0	0		0	(1000 TREES)
Commercial Production	1,093,853	1,093,853	1,121,290	1,090,000	1,171,860	1,220,499		1,257,114	(MT)
Non-Comm. Production	0	0	0	0	0	0		0	(MT)
Production	1,093,853	1,093,853	1,121,290	1,090,000	1,171,860	1,220,499		1,257,114	(MT)
Imports	58,000	58,000	55,041	60,000	55,200	61,343		60,550	(MT)
Total Supply	1,151,853	1,151,853	1,176,331	1,150,000	1,227,060	1,281,842		1,317,664	(MT)
Fresh Dom. Consumption	1,051,853	1,051,853	897,032	1,040,000	935,000	935,000		974,264	(MT)
Exports	100,000	100,000	112,490	110,000	90,000	98,264		93,200	(MT)
For Processing	0	0	166,809	0	202,060	248,578		250,200	(MT)
Withdrawal From Market	0	0	0	0	0	0		0	(MT)
Total Distribution	1,151,853	1,151,853	1,176,331	1,150,000	1,227,060	1,281,842		1,317,664	(MT)

Pear

Production

Pear production in Brazil is insignificant, with only 17,100 mt of production. This production is widely dispersed throughout the states of Rio Grande do Sul, Santa Catarina, Parana, Sao Paulo and Minas Gerais. The fruit is sold locally, mostly in small cities and little impact on the big wholesale markets. European universities have been testing the feasibility of growing pears in Brazil's apple-growing regions.

Imports

Pear imports were up 16 percent in CY 2009 to 161,963 mt versus 139,888 mt the previous year due to favorable exchange rates. Argentina's market share was 82 percent and Portugal's market share rose significantly from 4 to 8 percent, while the U.S increased its market share from 4 to 6 percent.

For CY2010 trade sources indicate that there will be a 3 percent increase of pear imports.

Brazil Import Statistics Commodity: 080820, Pears And Quinces, Fresh Calendar Year: 2007 - 2009								
Partner Country	Unit	Quantity (MT)			% Share			% Change
		2007	2008	2009	2007	2008	2009	09/08
World	KG	137,440	139,888	161,963	100.00	100.00	100.00	15.78
Argentina	KG	112,835	121,535	132,528	82.10	86.88	81.83	9.05
Portugal	KG	9,665	6,901	13,525	7.03	4.93	8.35	95.98
United States	KG	8,899	6,258	10,068	6.48	4.47	6.22	60.88
Spain	KG	1,553	2,166	3,797	1.13	1.55	2.34	75.31
Chile	KG	2,160	1,221	1,099	1.57	0.87	0.68	- 10.06
Uruguay	KG	2,061	1,747	686	1.50	1.25	0.42	- 60.74
Italy	KG	266	60	261	0.19	0.04	0.16	337.00

Source: SECEX

Harmonized Tariff System (HS) Codes:

Tariff Rate Table

Tariff Number (HTS)	Product Description	Rate (%)
0808.20.10	Pears, Fresh	10

Production, Supply and Demand Data Statistics:

Pears, Fresh Brazil	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Jan 2008			Market Year Begin: Jan 2009			Market Year Begin: Jan 2010		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	New Post	
Area Planted	0		0	0		0		0	(HA)
Area Harvested	1,800		1,650	1,800		1,650		1,650	(HA)
Bearing Trees	0		0	0		0		0	(1000 TREES)
Non-Bearing Trees	0		0	0		0		0	(1000 TREES)
Total Trees	0		0	0		0		0	(1000 TREES)
Commercial Production	18,200		17,100	18,300		17,100		17,100	(MT)
Non-Comm. Production	0		0	0		0		0	(MT)
Production	18,200		17,100	18,300		17,100		17,100	(MT)
Imports	155,700		138,888	165,000		161,963		166,822	(MT)
Total Supply	173,900		155,988	183,300		179,063		183,922	(MT)
Fresh Dom. Consumption	173,900		155,988	183,300		179,063		183,922	(MT)
Exports	0		0	0		0		0	(MT)
For Processing	0		0	0		0		0	(MT)
Withdrawal From Market	0		0	0		0		0	(MT)
Total Distribution	173,900		155,988	183,300		179,063		183,922	(MT)

Grapes

Area

In CY 2010, total planted area is expected to have a slight decrease. According to studies, the Bahia and Minas Gerais states are losing grape planted area principally due to high land values. This lost area is offset by modest increases in other regions of Sao Paulo state, Rio Grande do Sul and Parana state.

Investments in the grape planted area in the "Vale do Sao Francisco" were lower this marketing year 2009 - there was a reduction of 3.8% over 2008. This scene was linked mainly to the international financial crisis, which reduced the demand for fruit, especially in Europe.

Most important regions for grape production

States	Region	Planted area 2008 (ha)	Planted area 2009 (ha)	Variation
Bahia	Petrolina, Juazeiro, Vale do Sao Francisco	13,000	12,500	-3,8%
Minas Gerais	Pirapora, Varzea da Palma, Buritizeiros e Lassance	270	220	-18,5%
Sao Paulo	Sao Miguel Arcanjo	1,930	2,050	6,2%
Sao Paulo	Louveira	4,614	4,595	-0,4%
Parana	Maringa	6,000	6,200	3,3%
Parana	Marialva	1,650	1,670	1,2%
SUB TOTAL		30,398	30,191	- 0.7%

Source: CEPEA

Total planted area for grape production

States	Planted area 2007 (ha)	Planted area 2008 (ha)	Planted area 2009 (ha)
Rio Grande do Sul	44,298	45,300	46,259
Sao Paulo	10,422	9,514	9,514
Pernambuco	5,673	5,814	6,038
Parana	5,700	5,750	5,800
Brazil total area	76,982	78,400	77,000

Source: IBGE

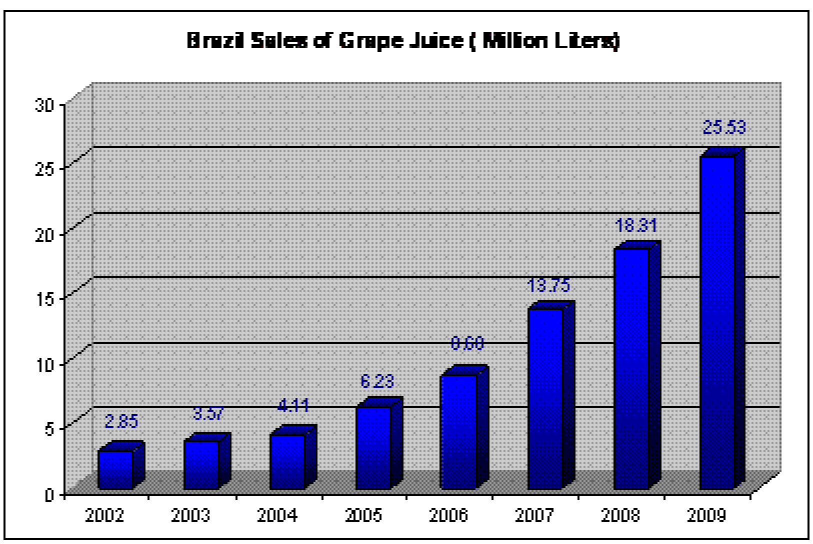
Production

According to estimates by Valexport (Sao Francisco Valley Producers Association), nearly 95 percent of Brazilian grape exports originate from the Sao Francisco Valley in Pernambuco, Minas Gerais and Bahia states. The Sao Francisco Valley has a planted area of around 12,500 hectares and seedless grapes account for 70 percent of production. The peak of the harvest for the export market is in May and September-November and for the domestic market in April-June and September-December. Grape producers in the region have been investing in improving export infrastructure and diversifying supply by adding new varieties such as ribier, black seedless, flame seedless and alphonse.

Consumption

Sources estimate grape consumption at 3.54 kilos per inhabitant.

Between late 2009 and early 2010, there was a strong growth in demand for natural grape juice (which came to end stocks at some wineries). As consumers seek for a healthier juice option and organic products, there is a trend for producers to shift from producing grapes for wine to juice. In 2009, 412 million liters of juice were produced, 93 million liters grape juice, 25.5 million liters natural grape juice.



Source: Valor Econômico (May, 2010)

Trade

Grape Exports

Besides reducing production, the rains that occurred in the first half of this year decreased quality and yields, limiting exports. While production in Rio Grande do Sul is intended for processing, and in the Northeast for exports, the state of Sao Paulo grows for table consumption.

Grape exports decreased 34 percent from 82,242 mt to 54,559 mt in 2009. Trade sources indicate that grape exports in CY2010 are forecast to decline by 2 percent due to softening demand, an expected decrease in planted area and adverse weather conditions.

Grape Imports

In CY2010 imports are expected to increase slightly due to lower domestic production and a favorable exchange rate for importers. CY 2009 grape imports increased by 49 percent compared to 2008. Chile is the main supplier accounting for 58 percent market share, and Argentina declined market share from 70 percent to 40 percent, responsible for 7,453 mt imports. Argentina had problems with adverse weather conditions and lower production in the beginning of 2009.

Brazil Import Statistics
Commodity: 080610, Grapes, Fresh
Calendar Year: 2007 - 2009

Partner Country	Unit	Quantity (MT)			% Share			% Change
		2007	2008	2009	2007	2008	2009	09/08
World	KG	15,550	12,565	18,665	100.00	100.00	100.00	48.55
Chile	KG	7,122	3,480	10,846	45.80	27.69	58.11	211.70
Argentina	KG	8,236	8,941	7,453	52.97	71.16	39.93	- 16.64
Spain	KG	112	30	124	0.72	0.24	0.67	309.70
United States	KG	80	91	121	0.51	0.72	0.65	32.73
Peru	KG	-	-	76	0.00	0.00	0.40	0.00
Mexico	KG	-	17	31	0.00	0.13	0.17	87.32
Italy	KG	-	-	14	0.00	0.00	0.08	0.00
Portugal	KG	-	7	-	0.00	0.05	0.00	- 100.00

Source: SECEX

Harmonized Tariff System (HS) Codes:

Tariff Rate Table

Tariff Number (HTS)	Product Description	Rate (%)
0806.10.00	Grapes, Fresh	10

Prices:

Italia Grapes (CEAGESP-SP) – Prices in R$/kg

Year	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Avg
2007	2.43	1.97	2.08	2.92	2.39	2.08	2.04	2.03	2.40	2.83	2.90	2.90	2.79
2008	2.33	1.86	2.13	2.49	2.65	2.34	2.86	3.00	2.78	2.53	2.93	2.61	2.60
2009	2.08	2.17	3.16	2.93	2.40	2.23	2.77						2.52

Niagara Grapes (CEAGESP-SP) – Prices in R$/kg

Year	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Avg
2007	2.16	2.21	2.60	2.98	1.99	2.35	2.92	2.89	2.98	3.35	3.28	2.30	3.01
2008	2.46	2.28	2.97	2.74	2.27	3.07	3.46	3.15	3.17	3.24	3.76	2.51	2.99
2009	2.15	2.46	3.43	2.69	2.68	3.06	3.25						2.80

Production, Supply and Demand Data Statistics:

Grapes, Fresh Brazil	2007/2008			2008/2009			2009/2010			
	Market Year Begin: Jan 2008			Market Year Begin: Jan 2009			Market Year Begin: Jan 2010			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	
Area Planted	0		78,363	0		78,400			77,000	(HA)
Area Harvested	0		0	0		0			0	(HA)
Commercial Production	1,290,000		1,367,763	1,300,000		1,310,189			1,300,000	(MT)
Non-Comm. Production	0		0	0		0			0	(MT)
Production	1,290,000		1,367,763	1,300,000		1,310,189			1,300,000	(MT)
Imports	13,000		12,565	19,000		18,665			22,025	(MT)
Total Supply	1,303,000		1,380,328	1,319,000		1,328,854			1,322,025	(MT)
Fresh Dom. Consumption	1,221,000		1,298,086	1,253,000		1,274,295			1,268,557	(MT)
Exports	82,000		82,242	66,000		54,559			53,468	(MT)
For Processing	0		0	0		0			0	(MT)
Withdrawal From Market	0		0	0		0			0	(MT)
Total Distribution	1,303,000		1,380,328	1,319,000		1,328,854			1,322,025	(MT)